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SERVICE DATE - DECEMBER 17, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20940]

Laidlaw Inc. and Laidlaw Transit Acquisition Corp.— Merger — Greyhound Lines, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Laidlaw Inc. (Laidlaw), a noncarrier that controls seven interstate motor passenger carriers, and Laidlaw Transit Acquisition Corp. (LTAC), a wholly owned noncarrier subsidiary (collectively, applicants), have filed an application under 49 U.S.C. 14303 for approval of the merger of LTAC with Greyhound Lines, Inc. (Greyhound), a motor carrier of passengers. Persons wishing to oppose the application must follow the rules under 49 CFR part 1182 (effective October 1, 1998). The Board has tentatively approved the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by February 1, 1999. Applicants may file a reply by February 16, 1999. If no comments are filed by February 1, 1999, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20940 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of

comments to applicants' representative: Raymond A. Jacobsen, Jr., McDermott, Will & Emery, 600 13th Street, N.W., Washington, DC 20005-3096.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Laidlaw¹ currently controls seven interstate motor passenger carriers² and three intrastate or regional carriers not subject to federal economic regulation.³ Greyhound holds nationwide, motor passenger carrier operating authority under Docket No. MC-1515, and controls, directly or indirectly, ten regional motor passenger carriers.⁴

¹ Laidlaw, through its affiliates, is one of the largest school bus operators in the United States. It also operates municipal, transit, charter buses, and medical transportation in Canada and the United States. However, no carrier controlled by Laidlaw conducts any regularly scheduled intercity passenger operations in the United States.

² Laidlaw's federally regulated affiliates are: Greyhound Canada Transportation Corp. (Greyhound Canada) (MC-304126), which is not currently affiliated with Greyhound Lines, Inc.; Laidlaw Transit, Inc. (MC-161299); Laidlaw Transit Ltd. (MC-102189); Roesch Lines, Inc. (Roesch) (MC-119843); Safe Ride Services, Inc. (Safe Ride) (MC-246193); Vancom Transportation-Illinois, L.P. (MC-167816); and Willett Motor Coach Co. (Willett) (MC-16073).

³ Laidlaw's other motor transportation affiliates are: Empex Ventures, Inc. (California); Laidlaw Transit Services, Inc. (Minnesota and the Washington Metropolitan Area Transit Commission); and The Dave Companies, Inc. (California and Minnesota).

⁴ Greyhound's motor passenger carrier affiliates are: Continental Panhandle Lines, Inc. (MC-8742); Valley Transit Co., Inc. (MC-74); Carolina Coach Co., Inc. (MC-13300); Texas, New Mexico & Oklahoma Coaches, Inc. (MC-61120); Vermont Transit Co. Inc. (MC-45626); Los Rapios, Inc. (MC-293638); Americanos U.S.A., L.L.C. (Americanos) (MC-309813); Gonzales, Inc. d/b/a Golden State Transportation (Gonzales) (MC-173837); PRB Acquisition LLC (MC-66810); and Autobuses Amigos, L.L.C. (Amigos)

(continued...)

Pursuant to a merger agreement with Greyhound, Laidlaw will acquire Greyhound's outstanding common stock, and LTAC will be merged with and into Greyhound, with Greyhound being the surviving corporation. After completion of the merger, Greyhound will be a subsidiary of Laidlaw. As a consequence, no operating authorities for any of the carriers involved will be transferred as a result of this transaction.

Applicants submit that approval of the proposed transaction will be consistent with the public interest and will have no adverse effects on the adequacy of transportation to the public, the interest of employees, or fixed charges. On the contrary, applicants assert that the proposed merger will significantly benefit the traveling public, employees, and shareholders, through the synergies, efficiencies, and savings that will result from the combined resources, skill, and operations of the two complementary companies. In this regard, it is anticipated that savings will be derived from volume purchases of vehicles, fuel, equipment, and services, and from reduced overhead and operating costs related to insurance, financing, headquarters, and securities and accounting reporting. The combined companies will be better positioned to manage equipment utilization, to develop financial and strategic plans, and to improve the operations with the goal of enhancing service to the public while achieving growth for the company. In this regard, Laidlaw's financial strength is expected to assist in reducing Greyhound's debt and permit investments for growth while improving customer service. Moreover, the proposed merger of the two complementary operations is

⁴(...continued)
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expected to facilitate the implementation of seamless U.S. and Canadian passenger services, including the development of cross-border fares and greater promotional fares between Greyhound Canada and Greyhound.

Applicants state that Greyhound's management will remain with Greyhound, to ensure continued employee enthusiasm and Greyhound's reputation for service. Given the seasonal nature of the scheduled intercity motor passenger carrier business, the proposed merger is also expected to permit greater annual financial stability for Greyhound, due to the strength and stability of Laidlaw's cash flow. In addition to this added financial stability, the merger is expected to provide Greyhound the capital it needs to continue to revitalize and expand affordable intercity bus services and, therefore, provide better service to the public. Applicants assert that the merger will not adversely affect Laidlaw's fixed charges.

Applicants submit that the proposed transaction will greatly benefit current and future carrier employees. They assert that the merged company will observe all current Greyhound collective-bargaining agreements, that all Greyhound carrier employees will be able to continue in their present positions, and that no layoffs are planned in the short-term as part of the merger. Rather, Laidlaw anticipates continued growth and expansion of services, which may result in the need to hire new carrier employees.

Applicants state that the aggregate gross operating revenues from interstate operations of the companies exceeded \$2 million during the 12-month period prior to the date of the application. Applicants certify that neither Laidlaw, Greyhound, nor any of their

affiliates, holds an unsatisfactory safety rating from the U.S. Department of Transportation.⁵ Applicants also certify that they have sufficient insurance coverage and that neither Laidlaw nor any of the carriers it controls is domiciled in Mexico nor owned or controlled by persons of that country. Additional information may be obtained from applicants' representative.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result from the proposed transaction; and (3) the interest of affected carrier employees.

On the basis of the application, we find that the proposed merger is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated, and unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application.⁶ If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

⁵ It appears that Laidlaw's affiliates are unrated, except for Greyhound Canada, Roesch, Safe Ride, and Willett, all of which have satisfactory safety ratings. One of Greyhound's affiliates, Gonzales, however, has a conditional safety rating. Americanos and Amigos are unrated, and the remainder have satisfactory safety ratings.

⁶ Under revised 49 CFR part 1182, effective October 1, 1998, as adopted in Revisions to Regulations Governing Finance Applications Involving Motor Passenger Carriers, STB Ex Parte No. 559 (STB served Sept. 1, 1998), a procedural schedule will not be issued if the Board is able to dispose of opposition to the application on the basis of the comments and applicants' reply.

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"WWW.STB.DOT.GOV."

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed merger is approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this decision will be deemed vacated.
3. This decision will be effective on February 1, 1999, unless timely opposing comments are filed.
4. A copy of this notice will be served on: (1) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (2) the U.S. Department of Transportation, Office of Motor Carriers-HIA 30, 400 Virginia Avenue, S.W., Suite 600, Washington, DC 20024.

Decided: December 9, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary